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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

822240

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended: July 12, 1992

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number: 0-1234-8

COMCOA, INC.
(Exact name of registrant as specified in its charter)

Kansas	84-0708909
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer ID No.)
411 N. Webb Rd., Suite 200, Wichita, Kansas	67206
(Address of principal executive office)	(Zip Code)

Registrants telephone number, including area code: (316) 683-4411

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _____

4,313,400 common shares were outstanding as of July 12, 1992.

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COMCOA, INC.
BALANCE SHEETS
ASSETS

	July 12, 1992 (unaudited)	January 26, 1992
CURRENT ASSETS		
Cash	$ 1,764,020	$1,528,958
Accounts and note receivable	690,550	53,847
Prepaid expenses	124,297	125,823
Total current assets	2,578,867	1,708,628
RENTAL MERCHANDISE, AT COST LESS ACCUMULATED DEPRECIATION	15,706,788	13,503,550
PROPERTY AND EQUIPMENT, AT COST LESS ACCUMULATED DEPRECIATION	5,033,807	5,234,244
OTHER ASSETS		
Franchise costs, less accumulated amortization	1,231,721	1,274,414
Other	289,516	314,369
	1,521,237	1,588,783
	$24,840,699	$22,035,205

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 1,263,748	$ 2,252,360
Accrued interest	89,464	26,736
Accrued salaries and wages	1,348,094	1,090,660
Other accrued expenses	1,582,277	1,372,411
Note payable to bank	5,800,000	--
Income taxes payable	908,594	646,152
Total current liabilities	10,992,177	5,388,319
LONG-TERM LIABILITIES		
Note payable	--	5,500,000
CONTINGENCIES (Note B)	--	--
STOCKHOLDERS' EQUITY		
Preferred stock	1,400,000	1,400,000
Common stock	43,740	43,740
Paid-in capital	5,567,440	5,575,050
Retained earnings	7,443,342	4,894,096
	14,454,522	11,912,886
Less shares of common stock in treasury, at cost (60,600 shares at July 12, 1992, and 76,600 shares at January 26, 1992)	606,000	766,000
	13,848,522	11,146,886
	$24,840,699	$22,035,205

The accompanying notes are an integral part of these statements.

COMCOA, INC.

STATEMENTS OF EARNINGS (UNAUDITED)

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	July 12, 1992	July 14, 1991	July 12, 1992	July 14, 1991
Revenues				
Rental income	$12,907,995	$12,080,328	$25,238,616	$24,146,257
Sales of merchandise	732,090	553,226	1,575,781	1,211,390
	13,640,085	12,633,554	26,814,397	25,357,647
Costs and operating expenses				
Cost of merchandise sold	575,899	411,609	1,134,684	895,408
Depreciation and amortization				
Rental merchandise	3,322,481	3,235,270	6,423,388	6,496,585
Other	369,565	345,884	733,214	704,517
Salaries and wages	3,337,205	2,753,490	6,117,414	5,526,647
Advertising	759,884	758,143	1,484,856	1,522,162
Other operating expenses	3,476,091	3,272,896	6,920,284	6,476,166
	11,841,125	10,777,292	22,813,840	21,621,485
Operating income	1,798,960	1,856,262	4,000,557	3,736,162
Other income - lawsuit settlement	400,000	--	400,000	--
Other expense - interest, net	99,454	176,933	178,194	356,202
Earnings before income taxes	2,099,506	1,679,329	4,222,363	3,379,960
Income taxes	790,211	631,987	1,589,117	1,271,875
NET EARNINGS	$ 1,309,295	$ 1,047,342	$ 2,633,246	$ 2,108,085
NET EARNINGS - Per Common Share - primary and fully diluted (Note C)	$ .26	$ .21	$ .52	$ .42
Weighted average common and common equivalent shares outstanding	5,044,834	4,995,414	5,031,751	4,990,738

The accompanying notes are an integral part of these statements.

COMCOA, INC.

STATEMENTS OF CASH FLOWS (UNAUDITED)

Increase (decrease) in cash

	Twenty-four Weeks Ended	
	July 12, 1992	July 14, 1991
Cash flows from operating activities		
Cash received from customers	$25,238,616	$24,146,257
Cash paid to suppliers and employees	(14,039,243)	(12,370,169)
Interest received	20	30
Interest paid	(115,486)	(395,870)
Income taxes paid	(1,326,675)	(1,653,600)
Net cash provided by operating activities	9,757,232	9,726,648
Cash flows from investing activities		
Purchase of rental merchandise	(10,856,915)	(8,311,915)
Purchase of property and equipment	(564,426)	(528,566)
Payment of initial franchise fees	(45,000)	- -
Proceeds from sale of rental merchandise	1,575,781	1,211,390
Net cash used in investing activities	(9,890,560)	(7,629,091)
Cash flows from financing activities		
Proceeds from issuance of notes payable	3,600,000	3,900,000
Repayment of notes payable	(3,300,000)	(5,656,000)
Principal payments under capital lease obligations	- -	(272,480)
Issuance of common stock	152,390	102,270
Payment of preferred stock dividends	(84,000)	(84,000)
Net cash provided by (used in) financing activities	368,390	(2,010,210)
Net increase in cash	235,062	87,347
Cash at beginning of period	1,528,958	1,062,317
Cash at end of period	$ 1,764,020	$ 1,149,664

The accompanying notes are an integral part of these statements.

COMCOA, INC.

STATEMENTS OF CASH FLOWS - UNAUDITED (CONTINUED)

	Twenty-four Weeks Ended	
	July 12, 1992	July 14, 1991
Reconciliation of net earnings to net cash provided by operating activities		
Net earnings	$2,633,246	$2,108,085
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	6,423,388	6,496,585
Other depreciation and amortization	733,214	704,517
Depreciated amount of rental merchandise and property and equipment retired	460,854	755,313
Gain on sale of rental merchandise	(441,097)	(315,982)
Decrease (increase) in accounts and note receivable	(636,703)	104,645
Decrease (increase) in prepaid expenses	1,526	(64,011)
Decrease in other assets	24,853	15,600
Increase in accounts payable and accrued liabilities	295,509	303,621
Increase (decrease) in income taxes payable	262,442	(381,725)
Net cash provided by operating activities	$9,757,232	$9,726,648

Noncash financing activities

- None -

The accompanying notes are an integral part of these statements.

COMCOA, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

Unaudited

A. Condensed financial statements

The balance sheet of COMCOA, Inc. ("COMCOA" or the "Company") as of July 12, 1992, the statements of earnings for twelve and twenty-four week periods ended July 12, 1992 and July 14, 1991, and the statements of cash flows for the periods then ended have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at July 12, 1992 and for all periods presented have been made.

The balance sheet at January 26, 1992 has been taken from the audited financial statements at that date, and condensed. Certain other information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the Company's audited financial statements and notes thereto included in its January 26, 1992 annual report to shareholders. The results of operations for the periods ended July 12, 1992, are not necessarily indicative of the operating results for the full year.

For purposes of the statements of cash flows, only cash is used as the Company does not have any items meeting the definition of cash equivalents contained in Statement of Financial Accounting Standards No. 95.

B. Contingencies

Pizza hut of Florida, Inc. ("PHF"), an affiliate of the Company, has mortgaged certain of its real estate and personal property for a total of $3,419,780 at July 12, 1992. The loans have been guaranteed by the Company. Because management of COMCOA, Inc. believes that the ability of PHF to repay the loans is excellent and the loan-to-value ratio of the properties is excellent, no provision for the guaranties has been made in the financial statements.

The Internal Revenue Service (IRS) has examined the Company's January 27, 1991, federal income tax return. The examining agent has proposed a deficiency of $1,131,471. The issue concerns the depreciation method for rental merchandise. The Company is vigorously contesting the adjustment. Should the IRS prevail, it would result in additional current tax due of $1,131,471 and a corresponding deferred tax asset of a similar amount. Management of the Company believes the ultimate outcome of this matter will not have a material adverse effect on the Company's financial position.

C. Earnings per share

Class A preferred stock for the periods is included in the per share computations. Primary and fully diluted earnings per common shares are considered equal in all periods that are presented. The data used in the computation of earnings per common shares as follows:

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	July 12, 1992	July 14, 1991	July 12, 1992	July 14, 1991
Weighted average common shares	4,306,579	4,269,912	4,303,995	4,267,924
Add common stock equivalents:				
Convertible preferred stock	700,000	700,000	700,000	700,000
Common stock options	38,255	25,502	27,756	22,814
	5,044,834	4,995,414	5,031,751	4,990,738

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The fiscal year-end of COMCOA, Inc. is based upon 52- to 53-week period which ends four weeks after the last Sunday in December. The following discussion pertains to the Company's results of operations for the twelve and twenty-four week periods ended July 12, 1992, and to its financial condition as of that date, and as of the most recent fiscal year ended January 26, 1992.

RESULTS OF OPERATIONS

At July 12, 1992, the Company owned and operated seventy-six Rent-A-Center stores. During the same period last fiscal year, the Company owned and operated seventy-five stores. Revenues increased 8.0% this quarter over the same period last year. Following is a summary of revenue changes grouped by store maturation:

No. of Stores	Fiscal Year Opened	Quarter ended 7/12/92 Revenues	Quarter ended 7/14/91 Revenues	Increase (Decrease)	Percentage Change
1	1992	$ 95,321	$ --	$ 95,321	N/A
10	1991	1,353,195	1,050,078	303,117	28.9%
5	1990	730,218	770,798	(40,580)	(5.3%)
22	1989	3,793,540	3,389,950	403,590	11.9%
38	Prior to 1989	7,667,811	7,422,728	245,083	3.3%
76	TOTAL	$13,640,085	$12,633,554	$1,006,531	8.0%

Revenues increased 5.7% for the twenty-four week period ended July 12, 1992, as compared to the same period last year. Following is a summary of revenue changes grouped by store maturation:

No. of Stores	Fiscal Year Opened	Twenty-four weeks 7/12/92 Revenues	Twenty-four weeks 7/14/91 Revenues	Increase (Decrease)	Percentage (Change)
1	1992	$ 166,767	$ --	$ 166,767	N/A
10	1991	2,627,722	1,999,300	628,422	31.4%
5	1990	1,468,951	1,517,363	(48,412)	(3.2%)
22	1989	7,403,410	6,883,055	520,355	7.6%
38	Prior to 1989	15,147,547	14,957,929	189,618	1.3%
76	TOTAL	$26,814,397	$25,357,647	$1,456,750	5.7%

Operating income for the current quarter was 13.2% of total revenues as compared to 14.7% for the same quarter last year. A significant portion of the decline can be attributed to higher incentive pay of store operation's management. Operating income for the twenty-four weeks ended July 12, 1992 was 14.9% of total revenue as compared to 14.7% in the same period of the prior year.

The current quarter includes $400,000 income from the settlement of a lawsuit related to the Company's business activity prior to 1985. The Company received a partial payment (net of legal fees) subsequent to quarter end, and took a note receivable for $325,000 payable on July 15, 1993.

Interest expense decreased by 43.8% from the quarter ended July 14, 1991 to the current quarter. Interest expense decreased by 50.0% from the twenty-four weeks ended July 14, 1992 to the same period in the current fiscal year. All interest expense incurred during the twenty-four weeks ended July 12, 1992 relates to a revolving note payable to a bank. The weighted average interest rate was 6.5% and 9.2% for the quarters ended July 12, 1992 and July 14, 1991, respectively. The weighted average amount outstanding was $6,647,619 and $6,755,952 during the quarters ended July 12, 1992 and July 14, 1991, respectively. The weighted average interest rate was 6.7% and 9.7% for the twenty-four weeks ended July 12, 1992 and July 14, 1991, respectively. The weighted average amount outstanding was $5,734,524 and $6,422,024 during the twenty-four weeks ended July 12, 1992 and July 14, 1991, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of funds to finance its business have been its cash flow from operations and bank borrowings. The funds are used chiefly to purchase and carry additional rental merchandise for existing Rent-A-Center stores as well as rental merchandise and the related assets required for the opening of new stores.

During this twenty-four week period of fiscal 1993, the net cash provided by operating activities totaled $9,757,232 compared to $9,726,648 in the first twenty-four weeks of last year. Subsequent to January 26, 1992, COMCOA's note payable was refinanced with similar terms, with a maximum amount outstanding of $6,000,000 and a due date of April 30, 1993. On April 30, 1992, the note payable was amended to allow a maximum amount outstanding of $8,000,000 through October 31, 1992, and a maximum of $6,000,000 from November 1, 1992 through April 30, 1993. Management believes that the Company's existing resources, including the renewal of its revolving bank loan on or before April 30, 1993, coupled with the anticipated cash flow from operations, will be sufficient to provide capital to finance the Company's operations.

REVIEW BY INDEPENDENT ACCOUNTANTS

The condensed financial statements at July 12, 1992, for the twelve weeks and twenty-four weeks ended July 12, 1992 and July 14, 1991, have been reviewed, prior to filing, by Grant Thornton, the Company's independent auditors and their report is included herein.

Board of Directors
COMCOA, Inc.

We have made a review of the condensed balance sheet of COMCOA, Inc. as of July 12, 1992, and the related condensed statements of earnings and cash flows for the twelve weeks and twenty-four weeks ended July 12, 1992 and July 14, 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with generally accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet as of January 26, 1992, and the related statements of earnings, changes in stockholders' equity and cash flows for the year then ended (not presented herein) and, in our report dated March 6, 1992, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of January 26, 1992 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

Grant Thornton

Wichita, Kansas
August 11, 1992

PART II

Item 4. **Submission of Matters to Vote of Security Holders**

On June 12, 1992, the Company held its annual meeting of stockholders. The first matter was to elect six directors to hold office for the next annual term. The Board of directors, namely, Daniel J. Taylor, Daniel M. Carney, Robert W. Moore, Gary L. Simmons, William A. Simon and James G. Steckart, was elected in its entirety.

The second matter was to approve and ratify the appointment of Grant Thornton, Independent Certified Public Accountants, as auditors for the current fiscal year. The stockholders voted 4,104,969 for the proposal, 800 against, and 1,500 abstained.

Item 6. **Exhibits and Reports on Form 8-K**

There were no reports on Form 8-K for the twelve weeks ended July 12, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMCOA, INC.

Date: August 18, 1992

By: /s/ Daniel J. Taylor
Daniel J. Taylor, President

Date: August 18, 1992

By: /s/ Gary L. Simmons
Gary L. Simmons
Vice President - Finance